

Message Text

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E.O. 11652: N/A
TAGS: ETRD, GATT
SUBJECT: THE GATT AND DEVELOPING COUNTRIES IN THE POST
MTN PERIOD

1. SUMMARY: ONCE THE MTN IS COMPLETED, THE COMMITTEE ON TRADE AND DEVELOPMENT (CTD) IS AGAIN LIKELY TO BECOME AN IMPORTANT FOCUS WITHIN GATT FOR LDC DEMANDS THAT FAVOR THEIR TRADE INTERESTS. THE U.S. SHOULD DEVELOP A POSITIVE STRATEGY FOR MAKING THE CTD AN EFFECTIVE FORUM FOR THE CONSIDERATION OF LDC-RELATED TRADE MATTERS, INCLUDING THE GRADUAL ASSUMPTION OF FULLER GATT RESPONSIBILITIES BY THE LDCS. THIS MESSAGE EXPLORES SOME POSSIBILITIES, SOME OF WHICH SHOULD BE LAUNCHED AS EARLY AS THE JUNE MEETING OF THE CTD. END SUMMARY.

2. WITH THE MTN IN ITS FINAL PHASE, WE SHOULD BEGIN TO PLAN FOR THE POST MTN PERIOD IN THE GATT. SINCE THE TRADING CONCERNS OF DEVELOPING COUNTRIES ARE LIKELY TO BE A CONTINUING ISSUE WITHIN THE GATT, IN THIS MESSAGE
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WE EXPLORE SOME POSSIBILITIES FOR DEALING WITH THESE QUESTIONS. TO THE EXTENT THAT LEGITIMATE TRADING CONCERNS OF THE LDCS (AS CONTRASTED TO THEIR UNREALISTIC NEGOTIATING DEMANDS) ARE MET IN THE MTN, PERHAPS BY THEIR ADHERENCE TO CERTAIN CODES AND UNDERSTANDINGS, WE CAN EXPECT SOME OF THEIR POST MTN ENERGY TO BE DIRECTED TOWARD WORKING WITHIN THE VARIOUS GROUPS ESTABLISHED TO SUPERVISE

THESE CODES. HOWEVER, AS THE LIKELY RESULTS OF THE MTN TAKE SHAPE, IT IS BECOMING APPARENT TO DEVELOPING COUNTRIES THAT SOME OF THESE CONCERNS, FOR VARYING REASONS, WILL NOT BE MET IN THE MTN. SINCE THEY VIEW THE COMMITTEE ON TRADE AND DEVELOPMENT (CTD) AS THE MAJOR FORUM IN THE GATT FOR PURSUING THEIR TRADE OBJECTIVES, WE CAN EXPECT THEM TO RENEW THEIR EFFORTS AND PROPOSALS IN THE CTD. DEPENDING UPON THE FINAL RESULTS OF THE MTN, THEIR DISSATISFACTION WILL CERTAINLY SPILL OVER INTO OTHER FORA AND FIND FORMULATION IN INCREASED DEMANDS FOR TRADE ACTIONS AT UNCTAD V. ALTHOUGH SOME LDC DISSATISFACTION MAY BE INEVITABLE, WE BELIEVE IT IS IN OUR INTEREST TO CONTAIN THESE PRESSURES IN THE GATT TO THE EXTENT POSSIBLE BY SHOWING THAT THE GATT IS PREPARED AND READY TO GRAPPLE WITH THESE CONTINUING LDC TRADE ISSUES.

3. THE CTD WAS ESTABLISHED AFTER THE NEGOTIATION ADDING PART IV TO THE GENERAL AGREEMENT IN ORDER TO OVERSEE THE IMPLEMENTATION OF PART IV. PRIOR TO THE TOKYO ROUND THE CTD WAS THE PRINCIPAL GATT FORUM FOR DISCUSSION OF LDC TRADE ISSUES. A NUMBER OF SUBCOMMITTEES WERE ESTABLISHED OR SUBSUMED UNDER THE CTD, SEVERAL OF WHICH EVENTUALLY LED TO SOME POSITIVE ACTIONS: THE COMMITTEE ON RESIDUAL RESTRICTIONS, THE COMMITTEE ON TROPICAL PRODUCTS, THE COMMITTEE ON ADJUSTMENT ASSISTANCE, THE COMMITTEE ON PREFERENCES. IN THE EARLY PERIOD OF THE MTN, THE COM-
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MITTEE SERVED AS A LAUNCHING PAD FOR SEVERAL DEVELOPING COUNTRY MTN INITIATIVES, SOME OF WHICH BECAME THE SUBJECT OF ONE OR MORE NEGOTIATING SUBGROUPS, ESPECIALLY IN THE CONTEXT OF THE MTN FRAMEWORK AND TROPICAL PRODUCTS GROUPS. FOR THE PAST FEW YEARS, WITH DEVELOPING COUNTRY ASPIRATIONS FOCUSED ON THE MTN, THE CTD HAS PLAYED A SECONDARY ROLE, CONTENT TO CRITICIZE THE PACE OR SUBSTANCE OF THE MTN OR TO SUGGEST ADDITIONAL TOPICS FOR INCLUSION IN THE NEGOTIATING SUBGROUPS.

4. IN PLANNING FOR THE POST MTN PERIOD, THEREFORE, WE SHOULD EXAMINE WAYS TO MAKE THE CTD BOTH AN EFFECTIVE COMMITTEE FOR THE CONSIDERATION OF LDC-RELATED TRADE MATTERS AND A FORUM WHERE THE U.S. CAN PURSUE ITS POLICY OBJECTIVE OF BRINGING THE LDCS TO ACCEPT A GROWING LEVEL OF RESPONSIBILITY AND COMMITMENT TO THE RULES AND CONCEPTS EMBODIED IN THE GENERAL AGREEMENT. SUCH A STRATEGY, HOWEVER, CALLS FOR A MORE ACTIVIST APPROACH ON LDC MATTERS THAN HAS BEEN THE CASE IN THE PAST WHEN THE ATTITUDE OF DEVELOPED COUNTRIES, WITH SOME EXCEPTIONS, COULD BE DESCRIBED AS VARYING FROM PASSIVE TO DEFENSIVE WITH MOST DC RESPONSES AND ACTIONS DESIGNED TO DELAY OR STAVE

OFF LDC DEMANDS FOR INCREASED MARKET ACCESS.

5. THE TERMS OF REFERENCE (BISD 13, P. 76) GIVE THE
CTD A BROAD MANDATE. SPECIFICALLY:

- A. TO KEEP UNDER CONTINUOUS REVIEW THE APPLICATION
OF THE PROVISIONS OF PART IV OF THE GENERAL AGREEMENT;
- B. TO CARRY OUT, OR ARRANGE FOR, ANY CONSULTATIONS
WHICH MAY BE REQUIRED IN THE APPLICATION OF THE PROVISIONS
OF PART IV;
- C. TO FORMULATE PROPOSALS FOR CONSIDERATION BY THE
CONTRACTING PARTIES IN CONNECTION WITH ANY MATTER

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RELATING TO THE FURTHERANCE OF THE PROVISIONS OF PART IV;

D. TO CONSIDER ANY QUESTIONS WHICH MAY ARISE AS TO
THE ELIGIBILITY OF A CONTRACTING PARTY TO BE CONSIDERED
AS A LESS-DEVELOPED CONTRACTING PARTY IN THE SENSE OF
PART IV AND TO REPORT TO THE CONTRACTING PARTIES;

E. TO CONSIDER, ON THE BASIS OF PROPOSALS REFERRED
TO IT BY THE CONTRACTING PARTIES FOR EXAMINATION, WHETHER
MODIFICATION OF OR ADDITIONS TO PART IV ARE REQUIRED TO
FURTHER THE WORK OF THE CONTRACTING PARTIES IN THE FIELD
OF TRADE AND DEVELOPMENT AND TO MAKE APPROPRIATE RECOM-
MENDATIONS; AND

F. TO CARRY OUT SUCH ADDITIONAL FUNCTIONS AS MAY BE ASSIGNED TO THE COMMITTEE BY THE CONTRACTING PARTIES.

6. IN ADDITION TO THESE TASKS, THE COMMITTEE, WHEN FIRST ESTABLISHED, WAS ASKED TO EXAMINE SEVERAL SPECIFIC PROPOSALS RELATING TO (A) REVIEW OF ARTICLE XXIII, LIMITED OFFICIAL USE

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(B) A REVIEW OF ARTICLE XVIII, AND (C) A PROPOSAL REGARDING THE USE OF SURCHARGES TAKEN FOR BOP REASONS BY DEVELOPING COUNTRIES. NOTWITHSTANDING ITS ORIGINAL MANDATE, IT IS EVIDENT THAT ANY MATTER TOUCHING UPON THE TRADE OF DEVELOPING COUNTRIES IS A PROPER SUBJECT FOR CONSIDERATION IN THE COMMITTEE.

7. IN SUCH A SITUATION, THE U.S. CAN ASSUME A TRADITIONAL REACTIVE ROLE, THAT IS, WAIT FOR THE LDCS TO MAKE THEIR PROPOSALS AND THEN ATTEMPT TO ALTER THEM TO MAKE THEM ACCEPTABLE OR USE A HOST OF DELAYING TACTICS TO AVOID AGREEMENT. ALTERNATIVELY, WE CAN ATTEMPT TO SHAPE THE WORK OF THE COMMITTEE BY SEIZING THE INITIATIVE ON SOME PROPOSALS AND BY PREPARING IN ADVANCE TO RESPOND IN A CONSTRUCTIVE MANNER TO PROPOSALS MADE BY THE LDCS. OBVIOUSLY, THERE WILL CONTINUE TO BE MANY INSTANCES WHEN LDC PROPOSALS, EVEN WHEN MODIFIED, ARE UNACCEPTABLE TO THE U.S. THIS APPROACH NECESSARILY INVOLVES A MORE ACTIVE ROLE BY THE U.S. IN THE COMMITTEE AND SOME CRYSTAL BALL GAZING IN ORDER TO ANTICIPATE AND, AT TIMES, PRE-EMPT OR DIRECT LDC INITIATIVES. EXAMPLES OF SOME POSSIBLE COMMITTEE UNDERTAKINGS ARE DISCUSSED IN THE FOLLOWING PARAGRAPHS:

A. SECRETARIAT STUDY OF RESULTS OF MTN FOR DEVELOPING COUNTRIES -- WE HAVE LEARNED THAT THE UNCTAD WILL DO ITS OWN STUDY OF THE MTN AND ASSUME THAT THE LDCS WILL ALSO ASK THE GATT SECRETARIAT TO EXAMINE THE RESULTS OF THE MTN WITH A VIEW TOWARD FUTURE GATT ACTION. WE COULD SEIZE THE INITIATIVE, PERHAPS AT THE JUNE MEETING OF THE COMMITTEE, TO RECOMMEND THAT THE SECRETARIAT UNDERTAKE SUCH A STUDY AS SOON AS THE MTN IS CONCLUDED.

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B. WORK OR ACTION PROGRAM FOR THE COMMITTEE -- WE WILL PROBABLY FACE A HOST OF DEMANDS FOR A CTD ACTION

PROGRAM. IT MAY TAKE THE FORM OF A RECONSTITUTION OF THE GROUP OF THREE WISE MEN (CTD CHAIRMAN, GATT COUNCIL CHAIRMAN AND CHAIRMAN OF THE CPS) OR IT MAY TAKE FORM IN SPECIFIC DEMANDS FOR THE ESTABLISHMENT OF SUBCOMMITTEES SUCH AS (1) TROPICAL PRODUCTS -- ALTHOUGH THE MTN WILL REMOVE DUTIES ON MANY SUCH PRODUCTS, SOME PRODUCTS WILL STILL FACE TRADE BARRIERS IN DEVELOPED MARKETS; (2) COMMITTEE ON IMPORT RESTRICTIONS -- AGAIN THE DEVELOPING COUNTRIES MAY TRY TO TAKE UP WHERE THE MTN LEAVES OFF TO PRESSURE FOR REMOVAL OF ANY CONTINUING QRS; (3) LEGAL COMMITTEE -- TO THE EXTENT THAT NEGOTIATIONS IN THE FRAMEWORK GROUP DO NOT MEET LDC DESIRES, THEY MAY TRY FOR ADDITIONAL CHANGES OR INTERPRETATIONS TO GATT ARTICLES DIRECTLY AFFECTING THEM; (4) COMMITTEE ON ADJUSTMENT ASSISTANCE -- WITH AN INCREASING AWARENESS THAT THE PROBLEM OF ACCESS TO DEVELOPED COUNTRY MARKETS FOR LDC COMPETITIVE MANUFACTURED PRODUCTS INVOLVES THE SLOWNESS OF ADJUSTMENT IN DCS TO STRUCTURAL CHANGE, THE DEVELOPING COUNTRIES MAY WISH TO EXAMINE ADJUSTMENT ASSISTANCE PROGRAMS WITH THE PURPOSE OF ENCOURAGING (OR SETTING GUIDELINES) FOR THEIR USE TO FACILITATE LDC TRADE. THESE REPRESENT ONLY SOME OF THE POSSIBLE INITIATIVES THAT DEVELOPING COUNTRIES MIGHT TAKE. ALTHOUGH THE UNCTAD HAS BECOME THE MAIN FORUM FOR A DISCUSSION OF DC PREFERENCES, THE LDCS MAY SEEK TO RESURRECT THE GROUP ON PREFERENCES IN ORDER TO REVIEW GSP, ESPECIALLY SINCE THE TEN-YEAR TIME FRAME FOR THESE PREFERENCES IS DUE TO EXPIRE IN 1981. SIMILARLY, ANY UNRESOLVED MTN ISSUES, AS VIEWED BY THE DEVELOPING COUNTRIES, COULD RESURFACE IN THE COMMITTEE. AT THIS STAGE OF THE MTN, IT IS NOT CLEAR WHAT INITIATIVES WE MIGHT TAKE WITH RESPECT TO THE ITEMS NOTED ABOVE. SOME POSSIBLE U.S. INITIATIVES IN OTHER AREAS ARE DISCUSSED IN THE FOLLOWING PARAGRAPHS.

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C. NOTIFICATION PROCEDURES -- THIS ITEM HAS BEEN THE MAJOR TOPIC OF DISCUSSION AT THE LAST SEVERAL CTD MEETINGS. IN PART IT IS AN ATTEMPT TO GIVE THE COMMITTEE SOMETHING TO DO WHILE THE MTN IS GOING ON, BUT IT ALSO REPRESENTS A GENUINE DESIRE ON THE PART OF THE DEVELOPING COUNTRIES FOR MORE TRANSPARENCY AND IMPROVED NOTIFICATION AND EXAMINATION OF DC MEASURES THAT AFFECT THEIR TRADE, PARTICULARLY SAFEGUARD ACTIONS. THESE CONCERNS COINCIDE WITH SIMILAR U.S. OBJECTIVES AND WE EXPECT THAT THE RESULTS OF THE MTN NEGOTIATIONS ON SAFEGUARDS, TO THE EXTENT THAT THEY ACHIEVE GREATER SURVEILLANCE OVER SAFEGUARD ACTIONS, WILL MEET SOME OF THE LDC DEMANDS. THERE IS, OF COURSE, SOME OVERLAP IN THE WORK OF THE CTD WITH OTHER GATT BODIES AND DEVELOPING COUNTRIES MAY CONTINUE TO PRESS FOR NOTIFICATION TO THE CTD OF TRADE ACTIONS NOTIFIED ELSEWHERE IN THE GATT. SPECIFICALLY, THE LDCS ARE ASKING:

(1) FOR GREATER BALANCE IN NOTIFICATIONS TO THE CTD.
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THEY WOULD LIKE BOTH FAVORABLE ACTIONS (E.G. EXTENSION OF GSP) AND RESTRICTIVE ACTIONS NOTIFIED.

(2) AN ASSESSMENT OF THE EFFECT OF SUCH ACTIONS ON DEVELOPING COUNTRY TRADE. PRESUMABLY THIS WOULD INCLUDE SOME ATTEMPT AT QUANTIFICATION.

(3) REASONS FOR RESTRICTIVE ACTIONS AND A STATEMENT THAT DEVELOPING COUNTRY INTERESTS WERE TAKEN ESPECIALLY INTO ACCOUNT.

WHILE IT IS DESIRABLE TO OBTAIN COMMITTEE AGREEMENT SO

THAT ALL MEMBERS FOLLOW THE SAME PROCEDURES, GROUP AGREEMENT IS NOT NECESSARY TO BEGIN MAKING NOTIFICATIONS ALONG THESE LINES. WE CAN, AS WE DID IN THE BOP CONSULTATIONS WITH PAKISTAN, TAKE THE LEAD, THEREBY SETTING A PRECEDENT AND CREATING A PRESSURE FOR OTHER CPS TO DO LIKEWISE. IN THIS REGARD, WE MAY WISH TO STATE IN THE CTD THAT THE U.S. WILL, PERHAPS ON A TRIAL BASIS, MAKE NOTIFICATIONS ALONG THE LINES INDICATED IN RECENT DISCUSSIONS IN THE COMMITTEE.

D. LDC PREFERENTIAL ARRANGEMENTS -- FRAMEWORK NEGOTIATIONS IN THE MTN MAY ACHIEVE SOME TYPE OF ENABLING CLAUSE THAT PERMITS INTRA-LDC PREFERENCES SUBJECT TO REVIEW AND EVALUATION BUT WITHOUT THE NECESSITY OF SEEKING A WAIVER OR DECISION BY THE CPS, AS IS THE CURRENT PRACTICE. FROM THE US MISSION POINT OF VIEW, THIS WOULD BE DESIRABLE. WE SPEND MUCH TIME UNNECESSARILY ATTACKING THESE AGREEMENTS ON GATT LEGAL GROUNDS, ATTACKS THAT HAVE GAINED US SOME RESENTMENT WITHOUT ACHIEVING ANY USEFUL U.S. OBJECTIVE WITH RESPECT TO THE THIRD WORLD. TO OUR KNOWLEDGE NOT ONE OF THESE INTRA-LDC PREFERENTIAL ARRANGEMENTS IS LIMITED OFFICIAL USE

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MENTS HAS INJURED U.S. TRADE INTERESTS IN ANY SUBSTANTIAL WAY. MOST OF THEM ARE OF LITTLE ECONOMIC IMPORTANCE AND ARE UNLIKELY TO BECOME SO; THEY REPRESENT, IN MOST CASES, ATTEMPTS AT INTRA-LDC COOPERATION AND ARE OF MORE IMPORTANCE AS POLITICAL SYMBOLS OF SUCH COOPERATION. WHETHER OR NOT THE MTN SUCCESSFULLY DEALS WITH THIS ISSUE, WE SHOULD TAKE THE INITIATIVE TO SEE THAT THE GATT CAN ACCOMMODATE SUCH ARRANGEMENTS WITHOUT USELESS STERILE DEBATE. IN THIS CONTEXT WE MAY WANT TO HAVE SUCH AGREEMENTS EXAMINED WITHIN THE CTD WITH A VIEW TOWARD DETERMINING HOW THEY (1) ADD TO AN EXPANSION OF WORLD TRADE, AND (2) AID THE DEVELOPMENT PROCESS. WE MAY ALSO WISH TO SEEK AGREEMENT ON CERTAIN NORMS UNDER WHICH SUCH AGREEMENTS COULD BE CONSIDERED GATT ACCEPTABLE SUCH AS (1) THAT THESE AGREEMENTS NOT PREJUDICE FUTURE MFN REDUCTIONS, (2) THAT THEY BE OPEN TO OTHER DEVELOPING COUNTRIES, (3) THAT EFFORTS BE MADE TO FOLD SUCH REGIONAL OR LIMITED ARRANGEMENTS INTO THE PROTOCOL OF 16, AND (4) THAT THERE IS A PERIODIC REPORTING REQUIREMENT AND EXAMINATION WITHIN THE CTD.

8. GATT ORGANIZATION FOR DEVELOPING COUNTRIES -- WE BELIEVE THERE IS SOME MERIT IN MAINTAINING A SPECIAL UNIT WITHIN THE GATT TO ASSIST DEVELOPING COUNTRIES IN GATT MATTERS. UNDER THE CURRENT ORGANIZATION, DEVELOPING COUNTRIES HAVE ACCESS AS DOES ANY CP TO THE ADVICE OF THE GATT SECRETARIAT. THE DEVELOPMENT DIVISION IS RESPONSIB-

BLE FOR THE STAFF WORK ON THE CTD, BUT IT HAS NUMEROUS
OTHER RESPONSIBILITIES ALSO. A SPECIAL ASSISTANCE UNIT
FOR DEVELOPING COUNTRIES, HOWEVER, HAS BEEN ESTABLISHED
ON A TEMPORARY BASIS WITHIN THE MTN BUDGET AND HAS AIDED
THE DEVELOPING COUNTRIES IN THEIR PREPARATIONS FOR THE
MTN NEGOTIATIONS. WE SHOULD CONSIDER KEEPING THE UNIT
IN EXISTENCE ON A PERMANENT BASIS, PERHAPS WITH A SCALED
DOWN BUDGET IN ORDER TO CONTINUE ASSISTING LDCS IN GATT
MATTERS' (IN CY 1978, THE BUDGET FOR THIS ITEM WAS
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1.3 MILLION SWISS FRANCS WITH 6 FULLTIME PROFESSIONALS
AND 12 GENERAL STAFF.) WE SEE THE FOLLOWING ADVANTAGES
TO SUCH A UNIT:

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(A) IT GIVES THE DEVELOPING COUNTRIES A SMALL STAFF
WITHIN THE GATT ESPECIALLY DESIGNED TO ASSIST THEM.

(B) IT COULD ALSO SERVE TO EDUCATE AND TRAIN GENEVA-
BASED LDC OFFICIALS IN THE INTRICACIES OF GATT, HOPEFULLY
HELPING TO INVOLVE THEM IN A GREATER ASSUMPTION OF GATT

RESPONSIBILITIES.

(C) IT COULD ASSIST THEM IN PREPARING DOCUMENTATION FOR BOP CONSULTATIONS, FOR PREPARING NOTIFICATIONS ON LDC TRADE ACTIONS AND IN THE HANDLING OF TRADE DISPUTES, IN ADDITION TO THE USUAL STATISTICAL STUDIES.

(D) IT COULD ALSO ASSIST THEM IN PREPARING FOR ANOTHER ROUND OF NEGOTIATIONS AMONG LDCS UNDER THE PROTOCOL OF 16.

WE BELIEVE IT DESIRABLE THAT THESE FUNCTIONS BE ASSIGNED TO A SPECIAL UNIT RATHER THAN SPREAD THROUGHOUT THE SECRETARIAT IN ORDER FOR THE SECRETARIAT TO MAINTAIN LIMITED OFFICIAL USE

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THE ATTITUDE THAT IT IS AT THE SERVICE OF ALL CPS. ALTHOUGH LDCS, AS ANY CP DOES, WOULD STILL HAVE ACCESS TO ANY MEMBER OF THE GATT SECRETARIAT, BY CONCENTRATING LDC ASSISTANCE IN A SPECIAL UNIT WE SEEK TO AVOID THE POSSIBILITY THAT THE SECRETARIAT AS A WHOLE WOULD ASSUME MORE OF AN ADVOCACY ROLE IN LDC TRADE MATTERS SIMILAR TO THE UNCTAD SECRETARIAT. IN ADDITION, WE SHOULD PROVIDE THE FUNDS AND SUPPORT THE GATT SECRETARIAT TO CONTINUE ITS COMMERCIAL TRAINING COURSES FOR DEVELOPING COUNTRIES SHOULD THE UN CHANGES IN FINANCING METHODS FOR THESE COURSES MAKE IT DESIRABLE THEY BE FINANCED BY GATT (SEE GENEVA 5835 FOR A DISCUSSION OF THIS PROBLEM).

9. GRADUATION -- REGARDLESS OF WHAT LANGUAGE THE DEVELOPING COUNTRIES MAY ACCEPT IN THE MTN WITH RESPECT TO THE CONCEPT OF GRADUATION, WE WILL NEED TO CONTINUE TO PUSH THIS CONCEPT IN GATT FORA IF IT IS TO BE AN EFFECTIVE MEANS OF BRINGING THE DEVELOPING COUNTRY TO ACCEPT GREATER DISCIPLINE IN INTERNATIONAL TRADE. WE WILL NEED TO BE AS TENACIOUS IN PROMOTING THIS PRINCIPLE AS THE DEVELOPING COUNTRIES WERE IN OBTAINING TRADE PREFERENCES. POINT D OF THE COMMITTEE'S TERMS OF REFERENCE MAKES CLEAR THAT THIS IS A PROPER TOPIC FOR CTD. THERE ARE A NUMBER OF WAYS BY WHICH WE MIGHT NURTURE THIS CONCEPT. SOME POSSIBILITIES INCLUDE:

(A) ESTABLISHMENT OF A GROUP IN CTD ON GRADUATION. A DANGER OF A SPECIAL SUBCOMMITTEE MIGHT BE TO DRIVE THE LDCS INTO A MORE COHESIVE BLOC THAN HAS HERETOFORE BEEN THE CASE IN THE GATT. ON THE OTHER HAND, IT COULD BE ARGUED THAT, IF COMMITTEES ARE ESTABLISHED TO EXAMINE IMPROVED ACCESS AND OTHER MATTERS OF INTEREST TO DEVELOPING COUNTRIES, THE NATURAL CONVERSE WOULD BE A COMMITTEE LIMITED OFFICIAL USE

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TO STUDY THE ASSUMPTION OF INCREASING RESPONSIBILITIES BY THEM. WE BELIEVE, HOWEVER, THAT THIS OPTION IS PROBABLY NOT OBTAINABLE SINCE IT INFERS FORMAL LDC ACKNOWLEDGMENT OF THE GRADUATION PRINCIPLE. IT MAY BE PREFERABLE, THEREFORE, TO USE SOME OF THE INDIRECT MEANS OUTLINED BELOW.

(B) USE OF INDIVIDUAL CASES TO BRING ABOUT GRADUATION. THIS APPROACH INVOLVES PRESSURING DEVELOPING COUNTRIES TO OBSERVE GATT RULES AND PROCEDURES IN INDIVIDUAL CASES. FOR EXAMPLE, ARGENTINA NO LONGER MAINTAINS IMPORT RESTRAINTS FOR BOP REASONS BUT DOES HAVE A NUMBER OF IMPORT RESTRAINTS IN THE AUTOMOTIVE SECTOR. WHILE THESE RESTRAINTS MAY BE JUSTIFIABLE UNDER THE INFANT INDUSTRY CLAUSE OF ARTICLE XVIII, OUR PURPOSE WOULD BE TO FORCE ARGENTINA TO INVOKE THE ARTICLE AND UNDERGO THE EXAMINATION REQUIRED BY THAT ARTICLE. IN THIS RESPECT, AT SOME POINT WE MIGHT TRY TO GET SOME OF THE ADVANCED LDCS TO USE PART D OF ARTICLE XVIII RATHER THAN PARTS A, B AND C. (ANOTHER EXAMPLE IS THE BRAZILIAN EMBARGO ON IMPORTS OF LIGHT AIRCRAFT.) SIMILARLY, AS COUNTRIES SUCH AS GREECE MOVE INTO CLOSER ASSOCIATION WITH THE EUROPEAN COMMUNITY, WE MIGHT ATTEMPT TO OBTAIN A CONSENSUS THAT THEY ARE NO LONGER ABLE TO APPLY SPECIAL PROVISIONS PERTAINING TO DEVELOPING COUNTRIES (E.G. WITHDRAW FROM PROTOCOL OF 16). IN COMMITTEES SUCH AS THE BOP COMMITTEE, GRADUATION WOULD MEAN CALLING FOR REGULAR CONSULTATIONS WITH ADVANCED DEVELOPING COUNTRIES (ADCS) MORE OFTEN EVEN WHEN THEIR BOP SITUATION HAS NOT SUBSTANTIALLY IMPROVED. WE SHOULD DO THIS WHETHER OR NOT SOME TYPE OF GRADUATION CRITERIA IS BUILT INTO THE BOP PROCEDURES AS A RESULT OF MTN FRAMEWORK NEGOTIATIONS.

(C) EXAMINATION OF DEVELOPMENT PLANS -- IN THE EARLY DAYS OF THE COMMITTEE DEVELOPMENT PLANS WERE EXAMINED IN RELATION TO THEIR TRADE IMPLICATIONS. WE MIGHT CONSIDER

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RESURRECTING THIS PRACTICE AS ANOTHER MEANS OF PROMOTING GRADUATION CONCEPTS. THIS WOULD ALSO BE CONSISTENT WITH

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ARTICLE XXXVIII:2(C) WHICH CALLS FOR COLLABORATION IN
"ANALYZING THE DEVELOPMENT PLANS AND POLICIES OF
INDIVIDUAL LESS DEVELOPING CPS."

(D) NOTIFICATION -- AS A GENERAL RULE, LDCS ARE LAX
ABOUT NOTIFYING CHANGES IN THEIR TRADE REGIMES, ALTHOUGH
THEY HAVE THE SAME OBLIGATIONS TO NOTIFY UNDER THE GA
AS DO THE DEVELOPED COUNTRIES. AS PART OF IMPROVING THE
NOTIFICATION PROCEDURES, WE SHOULD URGE MORE NOTIFICATIONS
FROM THE LDCS, PARTICULARLY THE MORE ADVANCED ONES, USING
"REVERSE NOTIFICATION" IF NECESSARY, OR BY PERMITTING THE
SECRETARIAT, PERHAPS WITH THE AID OF ITS SPECIAL
ASSISTANCE UNIT, TO INITIATE OR ELICIT NOTIFICATIONS.

10. IN SUM, WE SEE THE CTD AS A PRINCIPAL FORUM IN GATT
FOR THE CONSIDERATION OF LDC TRADE RELATED ISSUES IN THE
POST MTN PERIOD. THE COMMITTEE CAN BE MADE MORE EFFEC-
TIVE, BOTH AS A FORUM FOR CONSIDERATION OF LDC TRADE
CONCERNS AND AS A MEANS OF GETTING LDCS TO ACCEPT A
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GROWING LEVEL OF COMMITMENT TO GATT OBLIGATIONS. TO
BRING THIS ABOUT, HOWEVER, WILL TAKE A SUSTAINED AND
DETERMINED EFFORT ON OUR PART, AN EFFORT THAT WILL AT
TIMES BE UNPOPULAR WITH THE THIRD WORLD, ESPECIALLY
WHEN IT INVOLVES URGING THE DEVELOPING WORLD TO UNDERTAKE

GREATER OBLIGATIONS (AND HENCE RESTRAINTS ON THEIR OWN ACTIONS) IN THE TRADE AREA. WE HAVE SUGGESTED SOME POSSIBLE INITIATIVES, NONE OF THEM EARTHSHAKING, BUT TOGETHER DESIGNED TO ACHIEVE A MEANINGFUL DIALOGUE IN THE POST MTN GATT ON LDC TRADE ISSUES. THIS MESSAGE IS AIMED AT STARTING AN INTRA-USG DISCUSSION ON THE QUESTION OF GATT AND THE LDCS AFTER THE TOKYO ROUND. WE WELCOME WASHINGTON COMMENTS.

11. ALTHOUGH THIS MESSAGE WAS DISCUSSED WITH U.S. MTN DEL, IT HAS NOT BEEN FORMALLY CLEARED. VANDEN HEUVEL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, TRADE ORGANIZATIONS, COMMITTEES, TRADE CONCESSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA07955
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780217-0841
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780530/aaaaazdk.tel
Line Count: 613
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 399d0799-c288-dd11-92da-001cc4696bcc
Office: ACTION IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 12
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2608514
Secure: OPEN
Status: NATIVE
Subject: THE GATT AND DEVELOPING COUNTRIES IN THE POST MTN PERIOD
TAGS: ETRD, PORG, US, XX, GATT
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/399d0799-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014